



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

August 29, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**EXERCISE OF SEVEN-YEAR OPTION TO EXTEND LEASE NO. 72145
DEPARTMENT OF MENTAL HEALTH
19231 VICTORY BOULEVARD, RESEDA
(THIRD DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Exercise the option to extend the term of the current lease with JD Investments, LP (Lessor) for an additional seven years commencing upon the expiration of the current term on February 23, 2007, and ending seven years thereafter. The lease is for 8,085 rentable square feet and 32 parking spaces. The initial annual cost will not exceed \$131,039 which is fully funded with State and Federal funds.
2. Find that the exercise of the option is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b)(3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since February 2000, the County has leased the subject premises for use by 32 staff of the Department of Mental Health (DMH), Valley Coordinated Children's Services program. The current lease is due to expire on February 23, 2007. This location meets the on-going operational and program needs of the department and they have requested the lease for this location to be renewed. Approval of the proposed exercise will provide DMH with the necessary space to continue the program operations serving the western San Fernando Valley without interruption.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide the public with quality services that are both beneficial and responsive (Goal 1). The County's provision of mental health services to the children of San Fernando Valley is consistent with this goal.

FISCAL IMPACT/FINANCING

The lease term and the new rental rate will be effective upon the expiration of the current lease term on February 23, 2007. The table below shows a brief comparison between the current lease and the proposed option.

Valley Children's Services 19231 Victory Boulevard	Current Lease	Proposed Option	Difference
Premised Area	8,085 square feet	8,085 square feet	None
Annual Rent	\$127,304	\$131,039*	+ \$3,735
Annual Cost per Square Foot	\$15.75	\$16.21	+ \$0.46
Term	7 years, from 2/24/00 to 2/23/07, plus seven years option at same terms and conditions	7 years, from 2/24/07 to 2/24/14	7 years
Rental Adjustments	Annually, based on the CPI with a cap of 3.5%, not to exceed \$311.27 per month, or \$3,735 annually	Annually, based on the CPI with a cap of 3.5%, not to exceed \$311.27 per month	None
Cancellation	Anytime after 42 nd month of original term	Anytime during the option period	Cancellation right is now on-going
Parking	32 parking spaces	32 parking spaces	None

* The annual rent shown herein assumes that the CPI will reach the cap of 3.5%.

Sufficient funding for the proposed option is included in the 2006-07 Rent Expense Budget and will be billed back to DMH. Sufficient funding is available in DMH budget to cover the costs of the proposed option. The rental costs for DMH is fully funded through State and Federal sources, and is included in DMH's 2006-07 adopted budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed option to extend the lease term for the 8,085 rentable square feet of office/clinic space together with 32 parking spaces will maintain the current lease terms, conditions and rental rate for an additional seven-year term and will have the following terms:

- The term will commence on February 24, 2007, and terminate on February 23, 2014.
- An annual rental rate of \$127,304 on a full service gross basis, whereby Lessor is responsible for all repairs and maintenance costs associated with County's occupancy of the premises.
- The rental rate is subject to annual adjustment pursuant to the Consumer Price Index with a cap of three and one half percent (3.5%) annually. The adjustment is due on March 1, 2007. Assuming the maximum increase pursuant to the lease the new annual rent will be \$131,039, effective March 1, 2007.
- A termination provision exercisable by the County upon 60 days written notice to the Lessor any time after the forty second month of the option period.

The Chief Administrative Office (CAO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the annual rental rates for similar space range between \$17.40 and \$21.00 per square foot on a full service gross basis. Thus, the annual rental rate of \$16.21 represents a rate below the market range for the area due to the favorable option terms under the existing lease.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with the recommendation to exercise this option.

The Honorable Board of Supervisors
August 29, 2006
Page 4

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

A Negative Declaration was originally filed for this project in May 1999 and was adopted by the Board in June 8, 1999. The CAO staff has made a Preliminary Review of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061(b) (3) of the State CEQA Guidelines.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,


DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD:CEM
MS:hd

Attachment

c: County Counsel
Auditor-Controller
Mental Health

Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 250 sq. ft of space per person? ² The ratio is 252 square feet per person.	X		
2.	Capital				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? Due to the limited size of the program and the availability of lease space, a built to suit is not recommended.		X	
3.	Portfolio Management				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?		X	
	D	Why was this program not co-located?			X
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?			X
	¹ As approved by the Board of Supervisors 11/17/98				

²If not, why not?

Attachment B

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH - 5 – MILE RADIUS OF 19231 VICTORY BOULEVARD, RESEDA**

LAOO	FACILITY NAME	ADDRESS	SQUARE FEET		OWNERSHIP	SQUARE FEET AVAILABLE
			GROSS	NET		
A503	DPSS-WEST VALLEY CALWORKS/GAIN REG II PROGRAM	21415 PLUMMER ST, CHATSWORTH 91311	97280	87552	LEASED	NONE
A504	DPSS-WEST VALLEY CALWORKS/IHSS PROGRAM OFFICE	21615 PLUMMER ST, CHATSWORTH 91311	67220	60498	LEASED	NONE
A624	BOS-FIELD OFFICE DISTRICT 5	21943 PLUMMER ST, CHATSWORTH	2550	2423	LEASED	NONE
A362	DPSS-CANOGA PARK REGIONAL MEDICAL OFFICE	9035 CANOGA AVE, CANOGA PARK 91304	44835	32052	LEASED	NONE
X165	CHATSWORTH COURTHOUSE	9425 PENFIELD AVE, CHATSWORTH 91311	302435	165247	FINANCED	NONE
5872	DHS-CANOGA PARK HEALTH CENTER (P/PP SITE)	7107 REMMET AVE, CANOGA PARK 91303	5308	3094	OWNED	NONE
A213	DHS-NORTH DISTRICT HEALTH FACILITIES OFFICE	15643 SHERMAN WAY, VAN NUYS 91406	3712	3600	LEASED	NONE
A145	CHILD SUPPORT SERVICES DIVISION I HEADQUARTERS	15531 VENTURA BLVD, ENCINO 91436-3157	45775	30602	LEASED	NONE